

Date: 7 August 2024

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التاريخ : 7 أغسطس 2024

الإشارة : RAKP-LD-E-009-060524-02

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Abu Dhabi Securities Exchange

السادة / قسم الإفصاح والإمتثال  
المحترمين  
سوق أبوظبي للأوراق المالية

**Subject: Results of RAK Properties  
Board of Directors Meeting NO (5/2024)**

**الموضوع : نتائج اجتماع مجلس إدارة شركة  
راس الخيمة العقارية رقم (2024/5)**

Dear sir,

تحية طيبة وبعد ،،،

With reference to the above mentioned subject, kindly be informed that RAK Properties Board of Directors held its meeting on Wednesday 07/08/2024 at 1:00 PM, at Anantara Hotels, and discussed the items set out on the agenda, where the Board has approved the Interim condensed consolidated financial statement for the Six months' period ended on 30 June 2024.

بالإشارة إلى الموضوع أعلاه، يرجى العلم بأن مجلس إدارة شركة رأس الخيمة العقارية قد اجتمع يوم الأربعاء الموافق 2024/08/07 في تمام الساعة الواحدة ظهراً بمنتجع أنانتارا - ميناء العرب برأس الخيمة، حيث تم مناقشة البنود المدرجة على جدول الأعمال وتم اعتماد البيانات المالية الموحدة المرحلية لفترة الستة أشهر المنتهية في 30 يونيو 2024.

Best Regard,

وتفضلوا بقبول وافر الإحترام ،،،



مجايد عبدالله

مجايد عبدالله  
أمين سر مجلس الإدارة  
Maged Abdullah  
Board Secretary

نسخة إلى السادة / هيئة الأوراق المالية والسلع المحترمين

## DIRECTORS REPORT FOR 6 MONTH PERIOD ENDED 30 JUNE 2024

On behalf of the Board of Directors of RAK Properties PJSC, I am pleased to present the consolidated financial results of the company for the first half of 2024.

### H1 2024 Key Financial Highlights:

- Revenue for the period amounted to AED 610 million vs AED 512 million for the same period last year.
- Profit before tax for the period amounted to AED 98 vs AED 88 million for the same period last year.
- Total Assets stood at AED 7.79 billion as at H1 2024 vs AED 6.46 billion as at 31 December 2023.
- Total Equity stood at AED 5.31 billion as at H1 2024 vs AED 4.30 billion as at 31 December 2023

Income Statement	AED Million	
	<u>30 June 2024</u>	<u>30 June 2023</u>
Revenue	610	512
Cost of Revenue	(382)	(349)
Gross Profit	228	163
Operating Profit	138	111
<b>Profit before Tax</b>	<b>98</b>	<b>88</b>
Net Profit for the period	89	88
Total comprehensive income	89	88

Financial Position	AED Million	
	<u>30 June 2024</u>	<u>31 Dec 2023</u>
Non-Current Assets	6,612	5,408
Current Assets	1,175	1,051
<b>Total Assets</b>	<b>7,787</b>	<b>6,459</b>
Non-Current Liabilities	1,495	1,311
Current Liabilities	983	843
Capital and Reserves	5,309	4,305
<b>Total Equity &amp; Liabilities</b>	<b>7,787</b>	<b>6,459</b>

## Development Update

### Residential:

1. **Bay Residence Phase 1**, Hayat Island, Mina Al Arab, Ras Al Khaimah – Beach front residential buildings.
  - a. Construction of these 2 towers is progressing as per the development plan.
  - b. All 324 units within the two towers have been fully sold out, and handover is expected to be completed by the end of the year.
2. **Bay Residence Phase 2**, Hayat Island, Mina Al Arab, Ras Al Khaimah – Beach front residential buildings.
  - a. All 324 units within the 2 towers located next to Intercontinental Hotel Ras Al Khaimah has been successfully sold. Handover is scheduled for the first half of next year.
  - b. Construction of these 2 towers is progressing as per the development plan.
3. **Gateway Residence 2**, Hayat Island, Mina Al Arab, Ras Al Khaimah – Residential building.
  - a. Construction of this 8-storey tower at the entrance of Hayat Island is progressing well as planned.
  - b. All 146 apartments in this tower have been fully sold out and planned for handover by end of this year.
4. **Marbella Villa Phase 2**, Mina Al Arab, Ras Al Khaimah – Luxury Villas and Townhouses.
  - a. Construction of these additional 89 villas and townhouses is on track and in the final stage.
  - b. These 89 villas are scheduled for handover ahead of schedule.
5. **Bayviews**, Hayat Island, Mina Al Arab, Ras Al Khaimah – Residential Buildings.
  - a. Construction of these 2 towers commenced at the end of 2023.
  - b. All 344 apartments within the 2 towers sold out within few hours of the launch.
6. **Cape Hayat**, Hayat Island, Mina Al Arab, Ras Al Khaimah – Residential Buildings.
  - a. The sale of these 4 towers consisting of 678 apartments was launched last year which 86% of the project sold out.
  - b. Project construction of these 4 towers commenced at the end of 2023 and is on track
7. **Quattro Del Mar**, Hayat Island, Mina Al Arab, Ras Al Khaimah – Residential Buildings.
  - a. The new project, featuring an integrated lifestyle hub with entertainment and world-class facilities, was launched at the beginning of this year. 60% of the launched inventory was sold as of Q2 2024.
  - b. Project construction contracts are in the tendering stage, with construction planned to commence by Q3 2024.

8. **Granada II, Mina Al Arab, Ras Al Khaimah – townhouses.**
  - a. Phase 2 of Granada, consisting of 80 townhouses, was launched at the end of Q2 2024.
  - b. The construction of the Granada extension project commenced this quarter, with planned completion in Q1 2026.
9. **The Edge, Raha Island, Mina Al Arab, Ras Al Khaimah – Residential Buildings.**
  - a. RAK Properties introduced a new luxury living experience in Raha Island with the launch of Edge, a yacht inspired waterfront residential tower comprising 237 units with a mix of studios, one-bedroom and two-bedroom apartments.
  - b. Since its launch at the end of Q2 2024, 30% of the launched inventory has been sold out as of 30 June 2024.
10. **NB Collection, Hayat Island, Mina Al Arab, Ras Al Khaimah – Exclusive beach front Villas.**
  - a. A bespoke collection of high-end beach front villas was introduced by RAK Properties and launched to the market at the end of Q2 2024.
  - b. This collection consists of 11 high end villas with a planned completion date of the end 2026.

#### Hospitality:

##### 1. **Intercontinental Ras Al Khaimah Mina Al Arab Resort and SPA**

The prestigious 351-key hotel situated on Hayat Island, Mina Al Arab, continues to demonstrate solid performance, achieving high occupancy rates and generating strong financial revenue.

##### 2. **Anantara Mina Al Arab Hotel and Resort, Ras Al Khaimah**

The second 5 Star luxury hospitality asset with 174 keys opened its door and commenced operation on 02 January 2024. Results to date are ahead of targets.

#### Planned Projects:

- a) RAK Properties and Ellington Properties entered a JV to develop a premium waterfront residential project in Hayat Island. The partnership marks Ellington Properties' entry into the emirate and the first joint residential apartment project which will bring a new perspective to exclusive waterfront living.
- b) RAK Properties partners with Nikki Beach Global to open first branded resort and beach club in Mina Al Arab, Ras Al Khaimah
- c) RAK Properties has expanded its strategic partnership with IHG Hotels & Resorts with the introduction of Staybridge Suites at Mina Al Arab Hayat Island.

**Significant Events:**

- a) During the year, RAK Properties distributed a 3% cash dividend amounting to AED 60 million and bonus share of 4% of the share capital for the year ended 2023. This distribution was approved at the company's AGM held on 20<sup>th</sup> March 2024.
- b) Following the Annual General Meeting on March 20, 2024, the Government of Ras Al Khaimah increased its stake in RAK Properties to c. 34% after receiving SCA approval in June 2024. This strategic partnership involved the government injecting additional land bank into the company, boosting RAK Properties' assets and share capital. This transaction, reflected in the Q2 financial statements, aligns with the company's significant growth in revenue and net profit in 2023 and a solid 2024 quarterly performance, demonstrating robust demand for its real estate and hospitality offerings
- c) Recognizing RAK Properties' unwavering commitment to developing lifestyle destinations, including its flagship projects Mina Al Arab, Hayat Island and Raha Island, the increased stake reflects the government's confidence in the company and the perceived value of master plan-led developments and their critical role in the emirate.

The first half of 2024 has been a period of sustained growth for RAK Properties, driven by robust demand across our diverse property portfolio. Our strategic initiatives, including successful project launches and collaborative partnerships, have not only resulted in strong financial performance but also reinforced our leadership position within the real estate market.

Building on the remarkable sales momentum in 2023, we are well positioned for further revenue growth, with several new projects underway and a robust pipeline of planned developments. This progress has been further bolstered by the increased stake from the Government of Ras Al Khaimah and our ability to seize emerging market opportunities.

We are optimistic about our future prospects, underpinned by the strong economic fundamentals of Ras Al Khaimah and our unwavering commitment to excellence. We remain dedicated to delivering exceptional value to our stakeholders.



**Sameh Al Muhtadi**  
**Chief Executive Officer**

**RAK Properties P.J.S.C.  
and its subsidiaries**

Interim Condensed Consolidated Financial  
Statements (Unaudited)

For the period ended 30 June 2024

**RAK Properties P.J.S.C. and its subsidiaries**

**Interim Condensed Consolidated Financial Statements (Unaudited)  
For the period ended 30 June 2024**

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF RAK PROPERTIES P.J.S.C.****Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of RAK Properties P.J.S.C. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

  
**GRANT THORNTON UAE****Farouk Mohamed**  
**Registration No: 86**  
**Sharjah, United Arab Emirates****7 August 2024**

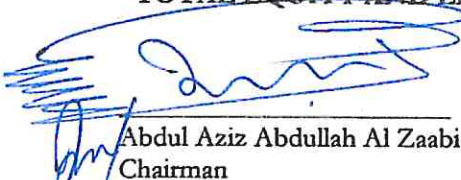



RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated statement of financial position

As at 30 June 2024 (Unaudited)

	Notes	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	1,837,629	1,868,205
Investment properties	4	1,532,708	1,532,708
Investment properties under development	5	33,746	28,098
Trading properties under development	6	2,378,033	1,341,869
Investments	7	19,955	20,270
Investments in a joint venture	8	68,282	68,069
Trade and other receivables	9	741,434	548,900
		<u>6,611,787</u>	<u>5,408,119</u>
<b>Current assets</b>			
Trading properties under development	6	50,294	-
Inventories		3,356	1,618
Investments	7	-	3,249
Trading properties	10	33,393	38,552
Trade and other receivables	9	626,374	549,667
Bank balances and cash	11	461,327	457,705
		<u>1,174,744</u>	<u>1,050,791</u>
<b>TOTAL ASSETS</b>		<u><b>7,786,531</b></u>	<u><b>6,458,910</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	3,000,000	2,000,000
Share premium	12	114,120	-
Statutory reserve		1,000,000	1,000,000
Treasury shares	12	(51,064)	-
Retained earnings		522,913	589,578
Other reserves	13	722,499	714,777
<b>TOTAL EQUITY</b>		<u><b>5,308,468</b></u>	<u><b>4,304,355</b></u>
<b>Non-current liabilities</b>			
Provision for employees' end-of-service benefits		6,818	5,635
Borrowings	14	796,328	781,042
Deferred government grants		356,809	369,662
Trade and other payables	15	334,657	154,846
		<u>1,494,612</u>	<u>1,311,185</u>
<b>Current liabilities</b>			
Borrowings	14	561,753	452,067
Trade and other payables	15	421,698	391,303
		<u>983,451</u>	<u>843,370</u>
<b>Total liabilities</b>		<u><b>2,478,063</b></u>	<u><b>2,154,555</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>7,786,531</b></u>	<u><b>6,458,910</b></u>

  
Abdul Aziz Abdullah Al Zaabi  
Chairman

  
Sameh Muhtadi  
Chief Executive Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated income statement

For the period ended 30 June 2024 (Unaudited)

	Notes	Three-month period ended		Six-month period ended	
		30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
Revenue	16	320,566	253,055	610,376	511,637
Cost of revenue	16	(198,801)	(172,905)	(382,129)	(348,589)
<b>GROSS PROFIT</b>		<b>121,765</b>	<b>80,150</b>	<b>228,247</b>	<b>163,048</b>
Selling, general and administrative expenses	17	(55,680)	(29,761)	(105,531)	(64,027)
Other income		8,016	6,755	15,287	14,009
Loss on impairment of trading properties under development		-	(2,288)	-	(2,288)
Share of profit from a joint venture	8	38	-	213	-
<b>OPERATING PROFIT</b>		<b>74,139</b>	<b>54,856</b>	<b>138,216</b>	<b>110,742</b>
Finance costs		(23,260)	(14,491)	(46,443)	(28,219)
Finance income		4,676	3,229	9,027	5,666
Net change in fair value of investments at fair value through profit and loss		(3,249)	-	(3,249)	-
Dividend income		-	--	296	-
<b>NET PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>52,306</b>	<b>43,594</b>	<b>97,847</b>	<b>88,189</b>
Income tax expense	18	(4,699)	-	(8,790)	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>47,607</b>	<b>43,594</b>	<b>89,057</b>	<b>88,189</b>
<b>Earnings per share for the period – basic and diluted (AED)</b>	20	<b>0.022</b>	<b>0.021</b>	<b>0.042</b>	<b>0.042</b>

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated statement of comprehensive income  
For the period ended 30 June 2024 (Unaudited)

	Three-month period ended		Six-month period ended	
	30 June 2024 AED'000 (Unaudited)	30 June 2023 AED'000 (Unaudited)	30 June 2024 AED'000 (Unaudited)	30 June 2023 AED'000 (Unaudited)
<b>NET PROFIT FOR THE PERIOD</b>	<b>47,607</b>	<b>43,594</b>	<b>89,057</b>	<b>88,189</b>
Other comprehensive income:	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>47,607</b>	<b>43,594</b>	<b>89,057</b>	<b>88,189</b>

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated statement of changes in equity

For the six-month period ended 30 June 2024 (Unaudited)

	Share capital AED '000	Share premium AED '000	Statutory reserve AED '000	Treasury Shares AED '000	Retained earnings AED '000	Other reserves AED '000	Total equity AED '000
<b>Balance at 1 January 2024 (Audited)</b>	2,000,000	-	1,000,000	-	589,778	714,577	4,304,355
Net profit for the period	-	-	-	-	89,057	-	89,057
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	89,057	-	89,057
Issuance of stock dividend (Note 12)	80,000	-	-	-	(80,000)	-	-
Dividend (Note 21)	-	-	-	-	(60,000)	-	(60,000)
Additional capital issued (Note 12)	920,000	114,120	-	-	-	-	1,034,120
Board of Directors' remuneration	-	-	-	-	(8,000)	-	(8,000)
Treasury shares (Note 12)	-	-	-	(51,064)	-	-	(51,064)
Transfer to retained earnings on disposal of investments designated at FVOCI	-	-	-	-	(5,983)	5,983	-
Transfer to other reserves	-	-	-	-	(1,939)	1,939	-
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>3,000,000</b>	<b>114,120</b>	<b>1,000,000</b>	<b>(51,064)</b>	<b>522,913</b>	<b>722,499</b>	<b>5,308,468</b>
	Share capital AED '000	Share premium AED '000	Statutory reserve AED '000	Treasury Shares AED '000	Retained earnings AED '000	Other reserves AED '000	Total equity AED '000
Balance at 1 January 2023 (Audited)	2,000,000	-	1,000,000	-	409,057	713,112	4,122,169
Net profit for the period	-	-	-	-	88,189	-	88,189
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	88,189	-	88,189
Prior year adjustment	-	-	-	-	207	-	207
Transfer to other reserves	-	-	-	-	(588)	588	-
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>2,000,000</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>496,865</b>	<b>713,700</b>	<b>4,210,565</b>

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated statement of cash flows (continued)

For the six-month period ended 30 June 2024 (Unaudited)

	Notes	Six-month period ended	
		30 June 2024 AED'000 (Unaudited)	30 June 2023 AED'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		89,057	88,189
<b>Adjustments for:</b>			
Depreciation	3	33,610	18,001
Income tax expense	18	8,790	-
Provision for employees' end-of-service benefits		1,333	645
Finance costs		46,443	28,219
Finance income		(9,027)	(5,666)
Dividend income		(296)	-
Amortisation of government grants		(12,853)	(11,411)
Gain on disposal of property and equipment		(90)	-
Net change in fair value of investments at fair value through profit and loss	7	3,249	-
Impairment of trading properties under development		-	2,288
Share of results from joint venture		(213)	-
<b>Cash from operations before working capital changes</b>		<b>160,003</b>	<b>120,265</b>
Trading properties		5,159	(19,486)
Trading properties under development		(4,212)	246,277
Trade and other receivables		(269,680)	(164,065)
Trade and other payables		200,909	134,020
Inventories		(1,737)	(129)
<b>Net cash flows from operations</b>		<b>90,442</b>	<b>316,882</b>
Employees end of service indemnity paid		(150)	(55)
<b>Net cash flows generated from operating activities</b>		<b>90,292</b>	<b>316,827</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		(51,160)	(101,432)
Interest received		9,467	4,939
Dividend received		296	-
Proceeds from disposal of property and equipment		90	-
Proceeds from disposal of investments		315	-
Additions to investment properties under development		(5,648)	(10,267)
<b>Net cash flows used in investing activities</b>		<b>(46,640)</b>	<b>(106,760)</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(60,000)	(33,266)
Directors' remuneration paid		(8,000)	-
Acquisition of treasury shares, net		(51,064)	-
Borrowings availed		140,926	57,953
Borrowings repaid		(59,485)	(55,510)
Interest paid		(45,939)	(28,218)
<b>Net cash flows used in financing activities</b>		<b>(83,562)</b>	<b>(59,041)</b>
<b>Net change in cash and cash equivalents</b>		<b>(39,910)</b>	<b>151,026</b>
Cash and cash equivalents at the beginning of the period		102,017	(1,127)
<b>Cash and cash equivalents at the end of the period</b>	11	<b>62,107</b>	<b>149,899</b>

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

# RAK Properties P.J.S.C. and its subsidiaries

## Notes to the interim condensed consolidated financial statements For the six-month period ended 30 June 2024 (Unaudited)

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### 1 Corporate information

RAK Properties P.J.S.C. (the "Company") is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Exchange, United Arab Emirates (UAE). The registered office of the Company is P.O. Box 31113, Ras Al Khaimah, UAE.

The interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2024 comprises the Company and its subsidiaries as (collectively referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management, hotel operations, marina management and related services.

The interim condensed consolidated financial statements were authorised for issue on 7 August 2024 by the Board of Directors.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The interim condensed consolidated financial statements of the Group for the six-month ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards and amendments adopted during the current period as explained in Note 2.3.

The interim condensed consolidated financial statements have been prepared in Arab Emirates Dirham (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, investment properties under development and investments, which are measured at fair value.

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.



## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

## 2 Basis of preparation (continued)

### 2.1 Statement of compliance (continued)

The interim condensed consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company (its subsidiaries) as of 30 June 2024. Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

#### Subsidiary

A subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the Company's subsidiaries are as follows:

Subsidiary	Country of incorporation	Ownership %	
		30 June 2024	31 December 2023
RAK Properties International Limited	UAE	100%	100%
Intercontinental RAK Mina Al Arab Resorts & Spa L.L.C	UAE	100%	100%
Anantara Mina Al Arab Ras Al khaimah Resorts L.L.C*	UAE	100%	100%
Lagoon Marina Ship Management & Operation L.L.C	UAE	100%	100%
RAK Properties Tanzania Limited	Tanzania	100%	100%
Dolphin Marina Limited	Tanzania	100%	100%
RAK Properties Gayreimenkul Pazarlama Anonim Sirketi	Turkey	100%	100%

\* Incorporated on 13 June 2023 and commenced commercial operations from 2 January 2024.



## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

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## 2 Basis of preparation (continued)

### 2.2 Significant accounting judgments, estimates and assumptions

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements:

##### (i) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### **Determining the timing of revenue recognition on the sale of property**

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract. The Group has concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers.

For contracts relating to the sale of property under development, the Group recognises the revenue over a period of time as the Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances completed to date. In making this determination, the Group has carefully considered the contractual terms as well as local legislations.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

##### **Principal versus agent considerations – services to tenants**

The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints, and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

##### **Consideration of significant financing component in a contract**

For contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history.

## RAK Properties P.J.S.C. and its subsidiaries

Notes to the interim condensed consolidated financial statements

For the six-month period ended 30 June 2024 (Unaudited) (continued)

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### 2 Basis of preparation (continued)

#### 2.2 Significant accounting judgments, estimates and assumptions (continued)

##### Judgements (continued)

##### (i) Revenue from contracts with customers (continued)

###### Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

##### (ii) Leases - Property lease classification – the Group as lessor

The Group has entered into commercial and residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

##### (iii) Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment and/or trading property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and trading property. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management. Trading properties are grouped under current assets, as intention of the management is to sell it within one year from the end of the reporting date.

##### Key sources of estimation uncertainty

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### Valuation of investment properties and investment properties under development

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the sales comparable method and discounted cash flow method. The discounted cash flow method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period. Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates. The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the existing operating assets requires management to make significant estimates and judgements related to future rental yields and capitalisation rates.

## RAK Properties P.J.S.C. and its subsidiaries

Notes to the interim condensed consolidated financial statements

For the six-month period ended 30 June 2024 (Unaudited) (continued)

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### 2 Basis of preparation (continued)

#### 2.2 Significant accounting judgments, estimates and assumptions (continued)

##### **Estimation of net realisable value for trading properties and trading properties under development**

The Group's management reviews the trading properties and trading properties under development to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the profit or loss, the management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the current selling prices are lower than the anticipated total cost at completion, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development properties to its net realisable value.

##### **Calculation of expected credit loss allowance**

The Group assesses the impairment of its financial assets based on the ECL model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

##### **Impairment of property and equipment and capital work in progress**

The Group reviews its property and equipment and capital work in progress to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment or capital work in progress. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment or capital work in progress.

##### **Useful lives of property and equipment**

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

##### **Valuation of unquoted investments**

Valuation of unquoted investments is normally based on one of the following:

- Recent arm's length market transactions;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

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## 2 Basis of preparation (continued)

### 2.3 New or revised standards and interpretations

#### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new standards and interpretations effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued that is not yet effective.

- Non-current liabilities with covenants (Amendments to ISA 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

This amendment did not have a significant impact on these interim condensed consolidated financial statements, and therefore, the disclosures have not been made.

#### **Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group**

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (*effective from 1 January 2027*)
- IFRS 18 Presentation and Disclosures in Financial Statements (*effective from 1 January 2027*)
- Amendments to the SASB standards (*effective from 1 January 2025*)
- Lack of Exchangeability (*effective from 1 January 2025*)

These standards, amendments and interpretations are not expected to have a significant impact on the interim condensed consolidated financial statements in the period of initial application and therefore no disclosures have been made.

## 3 Property and equipment

#### ***Additions, disposal and depreciation***

During the six-month period ended 30 June 2024, the Group has made additions amounting to AED 51,160 thousand mainly related to Anantara hotel (six-month period ended 30 June 2023: AED 101,432 thousand).

The Group has commenced operations of Anantara Hotel and Resort on 2 January 2024 and accordingly, related assets amounting to AED 686,204 thousand have been transferred from capital work-in-progress to their related class of assets and depreciation has commenced from that date.

Depreciation of property and equipment for the six-month period ended 30 June 2024 amounted to AED 33,610 thousand (30 June 2023: AED 18,001 thousand).

There was no borrowing costs capitalised during the six-months period ended 30 June 2024 (six-month period ended 30 June, 2023: an amount of AED 11,765 thousand of borrowing costs has been capitalised related to construction of hotel properties).



## RAK Properties P.J.S.C. and its subsidiaries

Notes to the interim condensed consolidated financial statements

For the six-month period ended 30 June 2024 (Unaudited) (continued)

### 4 Investment properties

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
In UAE	1,532,708	1,532,708

Investment property comprises parcels of land and number of residential and commercial properties that are leased to third parties.

The management does not consider the fair value of investment properties as at 30 June 2024 to be significantly different from the fair value as at 31 December 2023. The fair valuation of investment properties was conducted by an independent external valuer as at 31 December 2023. Management intends to appoint independent external valuer to determine the fair value as at 31 December 2024, unless there are indicators which suggest a significant change in the fair value before the reporting period.

Certain items of investment properties are mortgaged against bank borrowings.

### 5 Investment properties under development

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Balance at beginning of the period/year	28,098	44,299
Cost incurred during the period/year	5,648	25,259
Transferred to investment properties	-	(12,928)
Transferred to trading properties under development	-	(28,532)
Balance at end of the period/year	33,746	28,098

Investment properties under development are located in United Arab Emirates. Refer Note 23 on fair valuation of investment properties under development.

The management does not consider the fair value of investment properties under development as at 30 June 2024 to be significantly different from the fair value as at 31 December 2023. The fair valuation of investment properties under development was conducted by an independent external valuer as at 31 December 2023. Management intends to appoint independent external valuer to determine the fair value as at 31 December 2024, unless there are indicators which suggest a significant change in the fair value before the reporting period.

### 6 Trading properties under development

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Inside UAE	2,414,512	1,328,054
Outside UAE	13,815	13,815
	2,428,327	1,341,869
Less: Classified as current assets	(50,294)	-
Classified as non-current assets	2,378,033	1,341,869

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 6 Trading properties under development (continued)

During the period, the Company issued 920 million shares to the Government of Ras Al Khaimah (as a strategic partner) in exchange for contribution of several plots of land to the Company as in-kind consideration against the issuance of new shares with a fair value of AED 1,034,120 thousand. Fair valuation of the plots of land acquired was determined by an independent external valuer on 12 June 2024. Refer Note 12 for further details of this transaction. The Group has decided to develop this land and accordingly categorised it under trading properties under development.

#### 7 Investments

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
<b>Non-current investments</b>		
<b>At fair value through other comprehensive income</b>		
<b>Investments within UAE</b>		
Unquoted equity investments	1,583	1,898
<b>Investments outside UAE</b>		
Unquoted real estate funds	3,320	3,320
Unquoted equity investments	15,052	15,052
	<u>19,955</u>	<u>20,270</u>
<b>Current investments</b>		
<b>At fair value through profit and loss</b>		
Unquoted equity investments	-	3,249
	<u>-</u>	<u>3,249</u>
<b>Total investments</b>	<u>19,955</u>	<u>23,519</u>

During the period, dividend income of AED 296 thousand were received on these investments (2023: AED Nil).

The details of valuation techniques and assumptions applied for the measurement of fair value of financial instruments are mentioned in Note 23 of the interim condensed consolidated financial statements.

#### 8 Investment in a joint venture

	30 June 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Ellington Development FZ LLC	68,282	68,069

During the year ended 31 December 2023, the Group entered into a joint venture agreement (“JVA”) and a Development Management Agreement (“DMA”), collectively referred to as “the Agreements”, with Ellington Properties Development LLC (“Ellington”). Whereby, the Group intends to develop a plot of land situated on Hayat Island, Ras Al Khaimah into a premium development (the “Project”) and granted a power of attorney in favour of Ellington, appointing it to manage the development of Porto Playa project.

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 8 Investment in a joint venture (continued)

Under the agreements, the Group's contribution in the Project shall be the land with initial value of AED 68 million. Ellington shall, without any set-off, counterclaim or deduction, contribute the development funding for the Project in an amount equal to the land value, such contribution shall include the development manager fee during the project development duration. To facilitate this arrangement, Ellington incorporated a development company called "Ellington Development FZ LLC", of which Ellington owns 100% of the share capital, however, under the Agreements both control and profit shall be on an equal 50:50 basis between the Group and Ellington.

Movement in the investment in a joint venture during the period/year is as follow:

	30 June 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At 1 January	68,069	-
Transfer from investment properties	-	33,592
Transfer from trading properties under development	-	34,408
	<u>68,069</u>	<u>68,000</u>
Share of profit during the period/year	213	69
<b>At 30 June/ 31 December</b>	<u><b>68,282</b></u>	<u><b>68,069</b></u>

#### 9 Trade and other receivables

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Trade receivables	452,765	533,096
Contract assets	620,281	326,831
Trade receivables and contract assets, gross	<u>1,073,046</u>	<u>859,927</u>
Less: Provision for expected credit losses	(25,236)	(25,236)
Trade receivables and contract assets, net	<u>1,047,810</u>	<u>834,691</u>
Other receivables	170,666	142,893
	<u>1,218,476</u>	<u>977,584</u>
Advances to suppliers and contractors	136,217	111,572
VAT receivables	11,210	7,452
Prepayments	1,905	1,959
	<u>149,332</u>	<u>120,983</u>
	<u>1,367,808</u>	<u>1,098,567</u>
Less: Non-current portion of trade and other receivables	(741,434)	(548,900)
	<u><b>626,374</b></u>	<u><b>549,667</b></u>



## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 9 Trade and other receivables (continued)

Movements in provision for expected credit loss:

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Balance at beginning of the period/year	25,236	21,648
Provision for impairment allowance for the period/year	-	3,588
Balance at the end of the period/year	<u>25,236</u>	<u>25,236</u>

#### 10 Trading properties

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
At 1 January	38,552	42,140
Transfer to investment properties	-	(6,044)
Transfer from trading properties under development (Note 6)	-	182,517
Cost of properties sold – units	(5,159)	(179,351)
Impairment	-	(710)
Balance at the end of the period/year	<u>33,393</u>	<u>38,552</u>
Inside UAE	19,630	24,789
Outside UAE	13,763	13,763
	<u>33,393</u>	<u>38,552</u>

#### 11 Bank balance and cash

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Cash in hand	270	140
Bank balances:		
- Current accounts	52,398	48,543
- Call accounts	2,930	3,293
- Current accounts – unclaimed dividends	5,729	5,729
- Term deposits	400,000	400,000
Balance at the end of the period/year	<u>461,327</u>	<u>457,705</u>

Current accounts - unclaimed dividends will be utilised only for the payment of dividend and should not be used for any other purposes.

The effective average interest rate on deposits is 4.00% to 5.30% per annum (2023: 1.85% to 5 % per annum). Term deposits amounting to AED 400,000 thousand are under lien against bank overdraft (Note 14). Bank balances and cash are maintained in United Arab Emirates.

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 11 Bank balances and cash (continued)

For the purpose of interim condensed consolidated statement of cash flows, cash and cash equivalents comprises of the following amounts:

	30 June 2024 AED'000 (Unaudited)	30 June 2023 AED'000 (Unaudited)
Bank balances and cash	461,327	492,854
Less: Current accounts – unclaimed dividends	(5,729)	(5,729)
Less: Bank overdraft	(393,491)	(337,226)
	62,107	149,899

#### 12 Share capital and treasury shares

##### Share capital

	30 June 2024 Number of shares- thousands (Unaudited)	31 December 2023 Number of shares- thousands (Audited)	30 June 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Issued and fully paid shares of par value of AED 1 each	3,000,000	2,000,000	3,000,000	2,000,000

The shareholders in the Annual General Meeting held on 20 March 2024 approved a cash dividend of AED 0.03 per share (2023: AED Nil) amounting to AED 60 million in addition to bonus shares of 4% (2023: AED Nil) amounting to AED 80 million.

The shareholders at the Annual General Meeting approved to increase the Company's share capital by issuing 920 million shares with a nominal value of 1 AED, with a total value of AED 920 million to the Government of Ras Al Khaimah as a Strategic Investor. The transaction resulted in increase of Government of Ras Al Khaimah shareholding in the Company from 5% to about 34% after the issuance of the additional share capital. This transaction was approved by the Securities and Commodities Authority (SCA) on 20 June 2024.

In exchange for the newly issued 920 million shares, the Government of Ras Al Khaimah contributed several plots of land to the Company as in-kind contribution with a fair value of AED 1,034,120 thousand, as determined by independent external valuers on 12 June 2024. The excess of the in-kind contribution of AED 114,120 thousand has been treated as share premium. Being a non-cash transaction, the transaction has been excluded in preparing the interim condensed consolidated statement of cash flows.

##### Treasury shares

On 10 January 2024, the Company entered into an agreement with a licensed liquidity provider on Abu Dhabi Stock Exchange (ADX), to place buy and sell orders of the Company's shares with the objective to reduce the spread between bid/ask price in trading as well as providing liquidity for the Company's shares. The Company's shares would be held under the legal name of liquidity provider on behalf of the Company. The liquidity provider operates within the pre-determined parameters approved by the Company. The Company monitors the transactions undertaken by the liquidity provider on a daily basis.

## RAK Properties P.J.S.C. and its subsidiaries

Notes to the interim condensed consolidated financial statements

For the six-month period ended 30 June 2024 (Unaudited) (continued)

### 13 Other reserves

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
General reserve	656,708	656,708
Development reserve	303,675	303,675
Fair value reserve	(241,449)	(247,432)
Other reserve	3,565	1,626
	<u>722,499</u>	<u>714,577</u>

### 14 Borrowings

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Term loans	964,590	883,150
Bank overdrafts	393,491	349,959
Total borrowings	<u>1,358,081</u>	<u>1,233,109</u>
Less: Current portion	(561,753)	(452,067)
Non-current portion	<u>796,328</u>	<u>781,042</u>

The Group has obtained an overdraft facility of AED 700,000 thousand (31 December 2023: AED 540,000 thousand) from commercial banks. Interest on bank overdrafts, which is secured by term deposit is 0.25% per annum over such term deposit rates, which are used as security as overdraft balance. Further, for unsecured bank overdrafts, interest is computed at a fixed margin + 3 months EIBOR per annum.

During the period, the Group entered into a revolving facility with total limit of AED 350,000 thousand from a commercial bank for the purpose of working capital requirements. The facility has been secured at fixed margin + 3 months EIBOR per annum.

The overdraft facilities of the Group are secured by:

- Lien over term deposit for AED 400,000 thousand (Note 11); and
- To route funds 1.5 times of the net clean limit utilised under the overdraft. (31 December 2023: the net clean limit utilized was AED 3,847 thousand).

The details of the long-term bank loans, including terms of repayment and interest rate are set out in the consolidated financial statements of the Group for the year ended 31 December 2023.

The bank borrowing agreements (“Agreements”) contain certain restrictive covenants including maintaining Debt to EBITDA ratio. The Group complied with the annual bank covenants as at 31 December 2023.

Term loans are secured against the following:

- Legal mortgage of land and buildings of specific properties included in property and equipment, investment properties, investment properties under development, trading properties under development and trading properties.
- Assignment of insurance over the mortgaged properties in favour of the bank.
- Assignment of guarantees from the main contractor/construction contracts under the project duly assigned in favour of the bank.
- Assignment of revenues from the hotel projects financed by the banks.
- Assignment of revenues from sale of apartments and rental revenues from the apartments financed by the bank.
- Pledge of project account opened with the bank for receiving the project receipts from buyers.

## RAK Properties P.J.S.C. and its subsidiaries

Notes to the interim condensed consolidated financial statements

For the six-month period ended 30 June 2024 (Unaudited) (continued)

### 15 Trade and other payables

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Trade payables	115,848	81,882
Project accruals	169,181	114,442
Contract liabilities	140,479	48,550
Unclaimed dividends	5,729	5,729
Advance connection charges	121,485	110,697
Other payables and accruals	203,633	184,849
	<u>756,355</u>	<u>546,149</u>
Less: Current portion	<u>(421,698)</u>	<u>(391,303)</u>
Non-current portion	<u>334,657</u>	<u>154,846</u>

Trade payables include amounts due to a related party of AED 4,836 thousand (31 December 2023: AED 4,953 thousand) (Note 19).

### 16 Revenue and cost of revenue

	Three-month period ended		Six-month period ended	
	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
<b>Type of revenue with customers</b>				
Sale of properties	257,484	210,596	485,372	425,182
Hotel operations	48,758	28,355	96,331	58,566
Property leasing and others	14,324	14,104	28,673	27,889
<b>Total revenue</b>	<u>320,566</u>	<u>253,055</u>	<u>610,376</u>	<u>511,637</u>
<b>Cost of revenue</b>				
Cost of sale of properties	165,753	148,635	320,358	308,354
Hotel operations	21,632	11,942	41,629	22,885
Property leasing and others	11,416	12,328	20,142	17,350
	<u>198,801</u>	<u>172,905</u>	<u>382,129</u>	<u>348,589</u>

The Group earned its entire revenue from within the United Arab Emirates.

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 16 Revenue and cost of revenue (continued)

Below is the split of revenue recognised over a period of time and at a point in time:

	Three-month period ended		Six-month period ended	
	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
Recognised over a period of time	309,370	171,426	586,353	253,566
Recognised at a point in time	3,716	74,548	8,838	243,725
<b>Total revenue from contracts with customers</b>	<b>313,086</b>	<b>245,974</b>	<b>595,191</b>	<b>497,291</b>
Leasing income – recognised over term of lease	7,480	7,081	15,185	14,346
<b>Total revenue</b>	<b>320,566</b>	<b>253,055</b>	<b>610,376</b>	<b>511,637</b>

#### 17 Selling, general and administrative expenses

	Three-month period ended		Six-month period ended	
	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
Staff costs	15,203	9,121	29,065	16,489
Sales and marketing expenses	11,207	5,364	19,672	16,803
Depreciation	15,839	7,401	30,385	14,777
Other expenses	13,431	7,875	26,409	15,958
	<b>55,680</b>	<b>29,761</b>	<b>105,531</b>	<b>64,027</b>

#### 18 Income tax expense

The Group has calculated their income tax liability in accordance with Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) with effect from 1 January 2024.

- (a) The income tax expense recognised in the interim condensed consolidated income statement and interim condensed consolidated comprehensive income comprises the following:

	Three-month period ended		Six-month period ended	
	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
<b>Income tax</b>				
Current income tax expense	4,699	-	8,790	-
<b>Total income tax expense</b>	<b>4,699</b>	<b>-</b>	<b>8,790</b>	<b>-</b>



## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 18 Income tax expense (continued)

(b) Reconciliation of income tax expense:

	Three-month period ended		Six-month period ended	
	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
Profit before tax	52,306	43,594	97,847	88,189
Tax at the tax rate of 9% effective from January 1, 2024	4,707	-	8,806	-
<b>Tax effects of</b>				
Expenses not deductible for tax purposes	-	-	1	-
Taxable income not exceeding threshold	(8)	-	(17)	-
<b>Total income tax expense</b>	<b>4,699</b>	<b>-</b>	<b>8,790</b>	<b>-</b>

#### 19 Related party disclosures

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24, "Related Party Disclosures".

a) The following are the significant related party transactions included in the interim condensed consolidated income statement:

	Three-month period ended		Six-month period ended	
	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)	30-Jun 2024 AED'000 (Unaudited)	30-Jun 2023 AED'000 (Unaudited)
<i>Compensation of key management personnel:</i>				
Salaries and benefits	4,259	2,341	9,474	4,693
Accrual of end of service benefits	104	49	215	260
Directors' remuneration	-	-	8,000	-
	<b>4,363</b>	<b>2,390</b>	<b>17,689</b>	<b>4,953</b>

b) Balances with related parties included in the interim condensed consolidated statement of financial position:

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Due to a related party - trade payables (Note 15)	4,836	4,953

Outstanding balances at the period end arise in the normal course of business, are unsecured, interest-free and settlement occurs generally in cash.

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 20 Basic and diluted earnings per share

Earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended		Six-month period ended	
	30-Jun 2024 (Unaudited)	30-Jun 2023 (Unaudited)	30-Jun 2024 (Unaudited)	30-Jun 2023 (Unaudited)
<b>Basic earnings per share</b>				
Net profit for the period (AED'000)	<u>47,607</u>	<u>43,594</u>	<u>89,057</u>	<u>88,189</u>
Issued ordinary shares outstanding at 1 January/1 April (in thousands)	2,072,452	2,080,000	2,000,000	2,000,000
Effects of bonus shares issued (in thousands)	-	-	80,000	80,000
Effects of treasury shares (in thousands)	(13,666)	-	(18,139)	-
Effects of shares in-lieu of property (in thousands)	102,222	-	50,829	-
Weighted average number of shares outstanding at 30 June (in thousands)	<u>2,161,008</u>	<u>2,080,000</u>	<u>2,112,690</u>	<u>2,080,000</u>
<b>Basic and diluted earnings per share (AED)</b>	<u>0.022</u>	<u>0.021</u>	<u>0.042</u>	<u>0.042</u>

There were no potentially dilutive shares as at 30 June 2024 and 30 June 2023.

In accordance with IAS 33, "Earnings per Share" as the issue of bonus shares is without consideration, the calculation of basic and diluted earnings per share is adjusted retrospectively as if the bonus share issue had occurred at the beginning of the earliest period presented.

#### 21 Dividend

The Company has declared and paid a cash dividend of 3% of share capital, amounting to AED 60,000 thousand (AED 0.03 per share) and bonus share of 4% of share capital, amounting AED 80,000 thousand for the year ended 31 December 2023 as approved by the Shareholders of the Company at the Annual General Meeting held on 20 March 2024.



## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

#### For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 22 Contingent liabilities and commitments

Commitments relating to the property development are as follows:

	30 June 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Approved and contracted	<u>889,024</u>	<u>1,144,523</u>

The above commitments represent the value of contracts entered into by the Group including contracts entered for construction of properties, net of invoices received, and accruals made at that date.

#### 23 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

##### Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial information approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2023.

Fair value measurements recognised in the interim condensed consolidated statement of financial position.

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>30 June 2024 (Unaudited)</b>				
Fair value through OCI	-	-	19,955	19,955
Unquoted equities and funds	-	-	-	-
Financial assets carried at FVTPL	-	-	-	-
Investment properties	-	-	1,532,708	1,532,708
Investment properties under development	-	-	33,746	33,746
	<u>-</u>	<u>-</u>	<u>1,586,409</u>	<u>1,586,409</u>

## RAK Properties P.J.S.C. and its subsidiaries

### Notes to the interim condensed consolidated financial statements

For the six-month period ended 30 June 2024 (Unaudited) (continued)

#### 23 Fair values of financial instruments (continued)

##### Fair value of financial instruments carried at amortised cost (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2023 (Audited)				
Fair value through OCI				
Unquoted equities and funds	-	-	20,270	20,270
Financial assets carried at FVTPL	-	-	3,249	3,249
Investment properties	-	-	1,532,708	1,532,708
Investment properties under development	-	-	28,098	28,098
	-	-	1,584,325	1,584,325

During the current and previous years, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

#### 24 Segment reporting

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: property sales, hotel operations and property leasing and other income. Information regarding the operations of each separate segment is included below:

	Property sales AED'000	Hotel Operations AED'000	Property leasing and others AED'000	Total AED'000
<b>Six-month period ended 30 June 2024 (Unaudited)</b>				
Revenue	485,372	96,331	28,673	610,376
Segment profit	165,014	54,702	8,531	228,247
<b>As at 30 June 2024 (Unaudited)</b>				
Total assets	3,702,448	1,495,463	2,588,620	7,786,531
Total liabilities	598,479	631,844	1,247,740	2,478,063
Capital expenditure	-	47,493	9,314	56,807
<b>Six-month period ended 30 June 2023 (Unaudited)</b>				
Revenue	425,541	58,566	27,530	511,637
Segment profit	117,187	35,681	10,180	163,048
<b>As at 31 December 2023 (Audited)</b>				
Total assets	2,397,691	1,533,179	2,528,040	6,458,910
Total liabilities	515,627	624,577	1,014,351	2,154,555
Capital expenditure	-	211,864	57,376	269,240